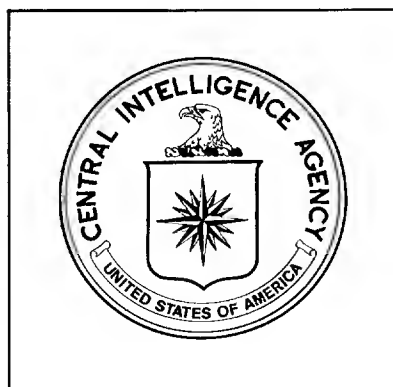


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STAFF NOTES:

Latin American Trends

Secret

126
April 2, 1975
No. 0503/75

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LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Colombia: Politics and AID

A clash of wills between Colombia's Liberal president, Alfonso Lopez Michelsen, and the Liberal-controlled congress has apparently cost Colombia \$3.9 million in USAID funds.

At issue was Lopez' campaign promise to replace the present Liberal comptroller general with a Conservative as part of his compliance with the constitutional provision for continuing Liberal-Conservative parity in appointive office until 1978. When Lopez sought to facilitate making such a change by sending congress a bill to restructure the comptroller's office completely, the legislators balked. Meanwhile, the present comptroller was inexplicably remiss in his management of the remaining \$3.9 million of a 1972 AID loan earmarked for use in urban development by December 1974.

By March 31 of every year, the comptroller is required to prepare a certification of availability for disbursement covering all funds appropriated but not expended during the previous calendar year. As it now develops, the \$3.9 million in question, although appropriated, was neither spent nor properly certified as available. This brings into play an existing AID policy of providing no new funds until prior allocations have been disbursed. Pending AID loans affecting the education, health, and urban regional AID sectors in Colombia are now being held up as a result of the comptroller's inaction.

What all this means politically remains something of a mystery, but what should have been the routine bureaucratic management of loan funds has led to an interruption in AID loans and a possible confrontation between the Liberal President and the Liberal congress. Another mystery is how this can most easily be resolved to the satisfaction of USAID, since

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there seems to be no precedent, at least not in Colombia. In any case, action is unlikely to come until the next regular session of congress, which convenes on July 20. (CONFIDENTIAL)

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Panama: Communist Leader Returns

Ruben Dario Souza, secretary-general of the People's Party, Panama's Moscow-line Communist party, was allowed to return from the Soviet Union last week, presumably on the basis of some promise to help in General Torrijos' campaign to prepare the public for a compromise draft canal treaty.

Since the National Guard took power in 1968, Souza has been forced to spend far more time in Moscow than in Panama. He was sent into exile there in 1969, and was not allowed back into Panama until four years later. He was abroad last year when a dispute for control of the Federation of Panamanian Students arose between the party and General Torrijos, and the irate Torrijos ordered the Guard to prevent Souza from returning to Panama. In addition, his more capable brother Cleto, who had led the effort to keep the Student Federation firmly in the party's camp, was ejected from the country by Torrijos.

The length of Souza's present stay in Panama will depend on how well the party does its job for Torrijos. [REDACTED] the Guard will be able to check closely the party's compliance with Torrijos' orders. Any attempt to doublecross Torrijos, such as by attempting to regain lost ground in the student federation, will immediately earn Souza a one-way ticket back to Moscow. (CONFIDENTIAL/NO FOREIGN DISSEM)

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A US Naval Base on Grenada?

Prime Minister Eric Gairy has added an unusual --if somewhat impractical--twist to his approach to Grenadian-US relations.

When Ambassador Britton presented his credentials in late February, Gairy offered to provide facilities for construction of a US naval base on the island. While this would, as Gairy pointed out, provide Grenada an economic boost, it would pose difficulties. In the context of Grenada's serious economic problems, the quid pro quo for such an establishment could be very expensive and, given Gairy's past conduct, grow more so with the passage of time.

Otherwise, Gairy repeated his usual thesis that the United States had an obligation to bail out Grenada's sinking economy. He chided Ambassador Britton on the vast sums the United States expends on Asian countries while neglecting its Caribbean neighbors. Gairy stated that the US policy of directing its regional development aid through the Caribbean Development Bank was a complete failure because of the bank's overly stringent loan requirements and red tape.

The prime minister announced that he had formed an economic planning unit in his office, which would facilitate long-term planning and coordinate foreign assistance. He indicated that several countries had expressed an interest in participating in Grenadian development under certain conditions but that he found their political philosophies unacceptable.

Citing smuggling and the need for better equipped police and defense forces, Gairy made an appeal for surplus US defense materiel, including patrol boats, ammunition, and trucks of various sizes.

Because pre-independence disturbances had led to a serious decline in foreign investment and tourist income,

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Gairy suggested that the United States should use both official and private agencies to create a more favorable image for Grenada. He expressed his gratitude for the US Peace Corps program on Grenada; but, demonstrating a [REDACTED] facet of his personality, he charged that the former director of the local program had infected Peace Corps volunteers with anti-Gairy biases. (CONFIDENTIAL)

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Dominica: Landslide for John

In a surprising landslide, Premier Patrick John's Dominica Labor Party was returned to power in the general election on March 24, capturing 16 of the 21 seats in the House of Assembly. Voter turn-out was unusually high--80 percent of those registered--and there have been few complaints of election irregularities.

The new cabinet was installed on March 31 with John holding the key trade, development and security portfolios--a strong indication that he will maintain his tough law-and-order stance, as well as attempt to revive Dominica's depressed economy.

To attract the support of a steadily younger population whose demands on government and political astuteness increase each year, John, himself 38, has apparently made a conscious decision to present a new cabinet of younger, better educated and more effective ministers. Only two are past their 30's; all are fairly well educated by Dominican standards; and they will likely compensate for any lack of experience with fresh approaches and increased drive. (CONFIDENTIAL)

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Chile: Uncertainty on Human Rights Commission

Conflicting statements by Foreign Minister Carvajal and President Pinochet indicate that the military government is still undecided whether to allow the United Nations Human Rights Commission to send a study group to Chile in late June.

Carvajal last week met with the Chilean diplomats who attended the commission's recent meeting in Geneva. These "observers" worked hard to fend off a Soviet-sponsored condemnation and secure passage of a resolution creating the study group instead. Carvajal told them that the government was waiting for an official message from the UN so that Chile can send its "written acceptance" of the visit. Speaking in Punta Arenas the following day, however, Pinochet reportedly declared that the group would be welcome only if similar investigations were first undertaken in Cuba and the Soviet Union. This is in line with his announcement late last year that the government no longer would routinely allow outside probes of the human rights situation and that those who would judge Chile's performance must demonstrate equal concern with Communist abuses.

The foreign ministry appears to be at odds with influential conservatives within and outside the government on this issue. Carvajal's statement that acceptance of the investigators is a "sovereign decision" that serves as an example to other countries will not placate those who have come to look upon such missions as insults to Chile.

Pinochet probably did not intend his statement to be taken literally, but Carvajal's declaration seem to have been premature. Pinochet might decide to delay the study group's visit by conditioning it on consideration of similar complaints against the

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Cubans and Soviets. He undoubtedly realizes that chances of a commission vote to send a study group to either country are nil. Such a ploy by Chile probably would soothe some hurt feelings at home, but it would also subject the military government to a new round of international condemnation.
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